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OCI No. 3413/55
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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE
29 June 1955

MEMORANDUM TO: Deputy Director (Intelligence)

SUBJECT: Notes on the rice position of certain Asian countries

Thailand's position: Thailand carried over about 500,000 tons of rice into 1955. An unexpectedly small new crop limited the total 1955 exportable surplus to a maximum of 1,300,000 tons. This figure includes the 1954 carryover but not 100,000 tons set aside as normal carryover into 1956. Exports to date amount to about 600,000 tons, leaving at most 700,000 tons to be disposed of. The Thai government anticipates little difficulty in selling this, although the lower grades may move slowly.

Thailand would like to sell Cambodia the low-grade varieties it needs. Cambodia may be unable or unwilling, however, to buy at prevailing Bangkok rates, even though Thai rice is considerably cheaper than it was last year.

Formosan rice exports: Formosa exports about ten percent of its annual rice crop, mostly to Japan. Japan has a distinct preference for the high-quality rice grown on Formosa.

In 1954, exports fell to 36,000 tons, as against a planned total of 145,000 tons. Exports for 1955 have reached 80,000 tons to date, most of which was probably from stocks carried over from 1954. A serious drought early this year damaged the first crop, resulting in the loss of as much as 200,000 tons. Formosa's ability to export a planned 182,000 tons in 1955 thus depends on the size of the second crop, now in production.

Since Formosa's average postwar exports of rice have been relatively small in comparison with those of Burma and Thailand, its production cannot be considered an important factor in the over-all Asian rice situation.

Burma's shipping capabilities: Port facilities would not limit Burma's ability to ship rice to Laos and Cambodia. The peak loading capacity at Rangoon, which handles 81 percent of Burma's rice exports, ranges from 15,000 to 17,000 tons per day. This full capacity is seldom utilized.

State Dept. review completed

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Ship congestion this spring has not been due to limited loading capacity, but to the refusal of Chinese Communist inspectors to accept rice presented for shipment. They maintain that its quality falls far short of the standards set in the protocol of 3 November 1954 for the sale of 150,000 tons of old-crop rice.

Burma has plenty of rice which would meet Cambodian and Laotian standards. It has made an intensive but to date unavailing effort to open negotiations with these countries.

Laos' rice needs: American minister Yost in Vientiane has consistently emphasized this spring Laos' urgent need for rice, perhaps as much as 40,000 tons. Droughts in the past two years, coupled with the depredations of the Viet Minh, have rendered many of the people, particularly in northern Laos, destitute. Yost fears serious political complications if these people's need for food is unfulfilled.

An impending triangular arrangement involving the United States, Japan and Thailand will substantially alleviate the situation in Laos. Under this arrangement, Thailand will export up to 25,000 tons to Laos. It will receive payment in the form of credit to its open account with Japan, and the latter will be reimbursed through the shipment of an equivalent amount of American surplus rice. This deal appears to be approaching consummation.

The position of Cambodia: Cambodia anticipates a deficit of 175,000 tons of rice this year. The effects of the shortage will become most serious from September to November, when famine conditions are expected in certain areas.

Cambodia pleads its inability to procure rice commercially at this time because of a serious foreign-exchange shortage. It recently accepted an Indian offer to give Cambodia 5,000 tons and to sell it an additional 40,000 tons on very attractive terms, which include provision for deferred payment. This will leave a balance of 130,000 tons to be imported. The Cambodian hope to arrange barter deals for about half of this amount, but maintain the rest will have to be supplied by the United States. The Baldwin mission considers this estimate overly optimistic. It feels that the US may be called upon to provide substantially more than 65,000 tons under the surplus disposal program.

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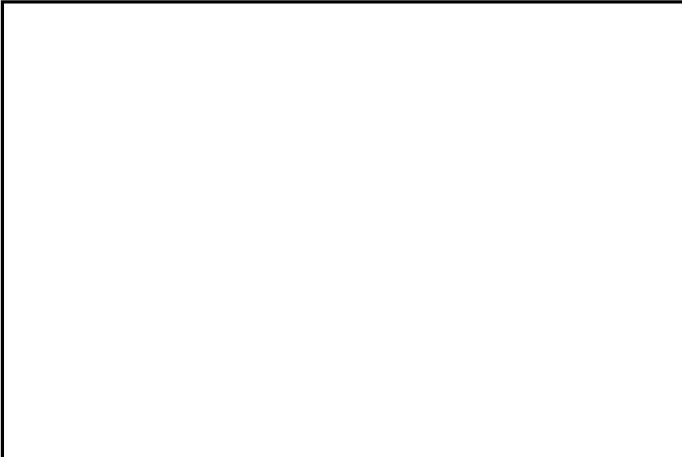
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Burmese and Thai officials allege that the Cambodians have been evasive in reacting to their approaches regarding the sale of rice. It seems apparent that the Cambodian government is stalling in the hope of getting American rice free, or at least under more attractive terms than Burma and Thailand can provide.

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